



State Board of Equalization

News Release

Chairman Jerome E. Horton

4th District – Los Angeles

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California Statewide Taxable Sales Estimate Up 9% in Second Quarter 2011 *Statewide Taxable Sales Rose 4.6% in Second Quarter 2010*

Jerome E. Horton, Chairman of the California State Board of Equalization (BOE), today announced that taxable sales in California totaled \$118.5 billion in the second quarter of 2010, up \$5.2 billion, a 4.6 percent increase from the same quarter the previous year. California taxable sales rose faster than personal income for the first time since 2005.

Additionally, more recent data indicate that a more pronounced recovery in taxable sales continues in second quarter 2011. BOE's estimate of statewide taxable sales for the second quarter of 2011, based on cash receipts, shows that taxable sales are estimated to have risen 9 percent in the second quarter of 2011 over the same period a year earlier.

"This latest taxable sales report shows that our state began moving towards recovery in early 2010 and continues to show positive signs in early 2011," Horton said. "I remain optimistic that California's economy will continue moving forward."

The second quarter 2010 taxable sales report shows the Southern California region had some of the strongest growth, rising 4.6 percent, while the region's major cities varied widely, for example, Long Beach increased by a strong 16.1 percent (the largest of the state's major cities) and the city of Los Angeles increased 3.8 percent.

Second quarter 2010 taxable sales in Los Angeles County also experienced growth on a year-over-year basis, rising 3.6 percent in the second quarter of 2010.

In constant dollar terms, taxable sales increased 2.5 percent from the same quarter the previous year. The California Taxable Sales Deflator, which measures the rate of change of all taxable sales in the state, was up 2.0 percent. In comparison, the California Consumer Price Index, which measures the rate of change of common consumer goods, was up 1.8 percent.

California gasoline station sales in the second quarter of 2010 increased 15.5 percent, the largest gain of any major category. Most of this growth is attributable to an increase in the price of gasoline. The average price of gasoline at the pump increased 19.4 percent during the second quarter of 2010, while gasoline consumption for the same period increased only 0.9 percent.

Second quarter 2010 taxable sales by California motor vehicle and parts dealers increased 13.3 percent. Most of that gain is attributable to both new car dealers that increased 16.6 percent and used car dealers that increased 11.4 percent. Other motor vehicle dealer sales that include RVs, motorcycles, boats, and aircraft, decreased by 2.2 percent, this might possibly be due to Californians having less "disposable income" in the second quarter of 2010.

Taxable sales made by electronic and appliance store sales did well during the second quarter of 2010, growing 7.9 percent from a year ago, with most of that increase due to sales from computer and software stores, which grew at 13.4 percent during the second quarter of 2010 in California.

The second quarter of 2010 taxable sales report shows that sales from "all other outlets" (comprised primarily of manufacturing and wholesale businesses in California) grew at a sluggish 2.9 percent, buoyed by wholesale trade that grew

5.8 percent, and manufacturing that had 8.3 percent growth. Growth in this period was constrained mainly by real estate and rental leasing (that declined 1.6 percent) and construction (declining 0.7 percent).

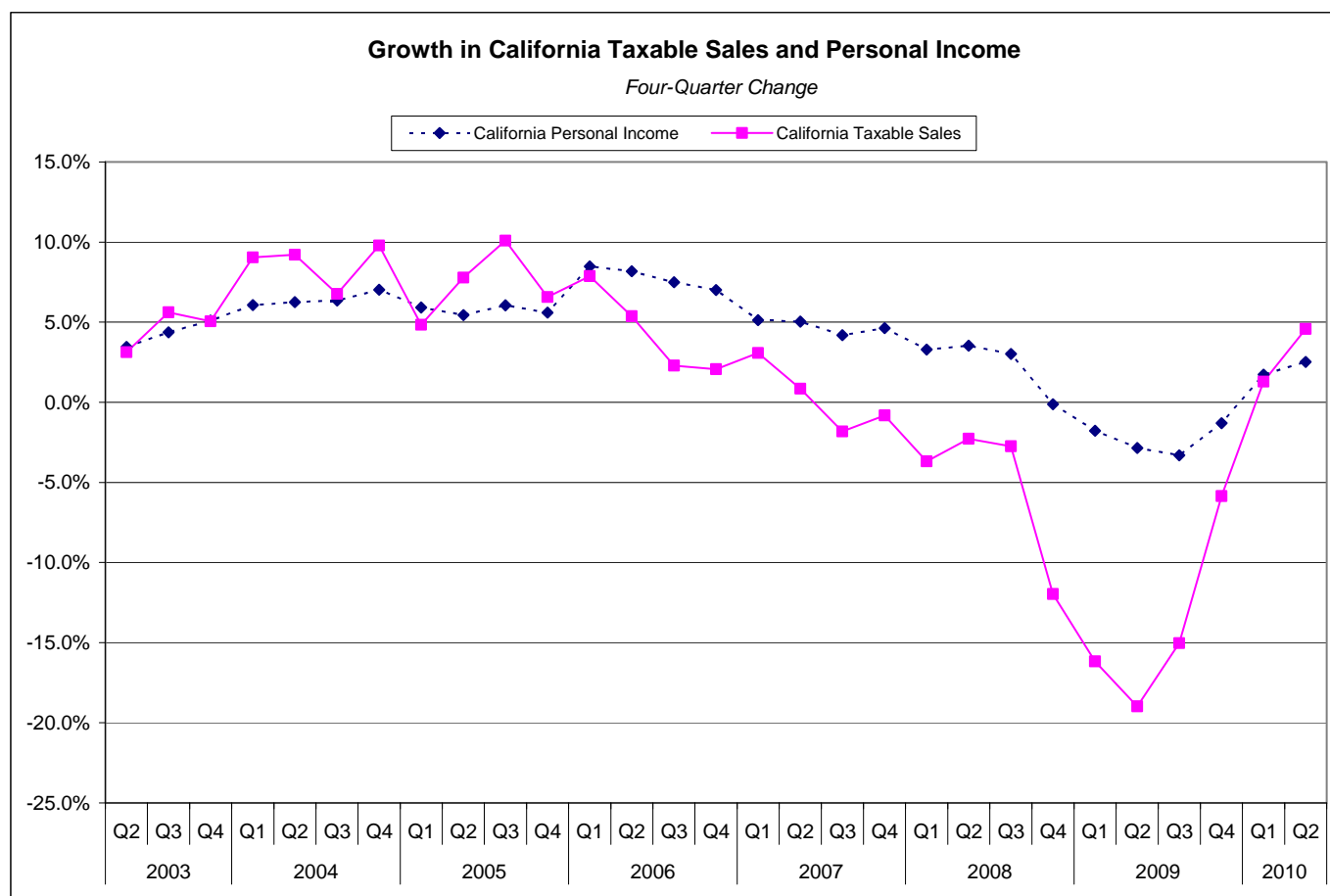
Furniture and home furnishings stores showed a modest growth in sales over the same quarter a year ago at 4.3 percent, mostly due to furniture store sales growing 6.7 percent, while the home furnishings segment grew only 0.8 percent in California during the second quarter of 2011.

General merchandise store sales, which represent the largest non-durable retail category, showed virtually no growth for the second quarter of 2010.

Taxable Sales in California is a quarterly report on retail sales activity in California, as measured by transactions subject to sales and use tax. It includes data about statewide taxable sales by type of business, as well as data about taxable sales in all California cities and counties. To view all taxable sales in California, visit: www.boe.ca.gov/news/tsalescont.htm.

To view the second quarter of 2010 taxable sales in California, visit www.boe.ca.gov/news/tsalescont10.htm.

Editor's Note: The chart below compares Growth in California Taxable Sales and Personal Income.



Elected in 2010, Chairman Jerome E. Horton is the Fourth District Member of the California State Board of Equalization, representing more than 8.5 million residents in Los Angeles County. He is also the Board of Equalization Legislative Committee chairman. He is the first to serve on the Board of Equalization with over 21 years of experience at the BOE. Horton previously served as an Assembly Member of the California State Assembly from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The Board of Equalization collects more than \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the

assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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